

February 22, 2012

To: Executive Board

Subject: **2013 Legislative Summary**

Recommendation

Receive and file the February 2013 Legislative Summary. Adopt support positions on AB 8, SB 11, SCA 4 and SCA 8.

Analysis

A summary of state and federal legislation and its status is attached. Board members should note that staff recommends **support positions on AB 8 (Perea and Skinner), SB 11 (Pavley and Rubio), SCA 4 (Liu) and SCA 8 (Corbett).**

Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission to provide, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. AB 8 and SB 11 extends alternative fuel incentive programs including the Carl Moyer and AB 118 programs. These programs, which have been funded by tire fees, DMV registration fees, smog abatement fees, and vehicle plate fees, have provided funds for various projects to increase the usage of alternative fuels and help with the expansion of alternative fuel infrastructure. The bill's passage would mean funds will continue to be available to assist Foothill Transit and other state transit agencies financially with fleets of natural gas vehicles and the infrastructure needed to maintain them.

Existing law under the California Constitution requires the approval of 2/3 of the voters of the city, county, or special district voting on any new or increase of an existing tax. SCA 4 and SCA 8 would provide that the imposition, extension or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition. The new voter approval threshold could lead to more transportation and transit money and mean additional funding for Foothill Transit.

On January 10, Governor Brown released his FY 2013-14 State Budget. He emphasizes that significant progress in trimming down the state's chronic budget deficit has been made by making spending cuts, primarily in corrections, health and human services, and education. As a result, the FY 13-14 budget does not project a deficit. Overall, General Fund spending is down from its peak of \$103 billion in 2007-08 to \$93

billion in 2012-13, a decrease of \$10 billion, or 10 percent. As a share of the economy, General Fund spending in 2011-12 and 2012-13 remains at its lowest level since 1972-73.

The Governor projects that the State Transit Assistance program will be at approximately \$391 million for FY 13-14, and \$415 million for FY 12-13. If accurate, this would represent a 12% reduction from last fall's number of \$468 million for FY 12-13 and 17% drop in comparison to the budget year number. This number is subject to change however as the program no longer relies on a budget-line item but rather on sales tax receipts associated with the consumption of diesel fuel.

On the federal front, Secretary of Transportation Ray LaHood announced to the employees of the U.S. Department of Transportation (U.S. DOT) that after serving for four years in President Obama's cabinet, he would not be staying on for the second term. This did not come as a surprise. There had been talk throughout federal transportation circles through most of 2012 that Mr. LaHood would likely step down in early 2013. In his letter to U.S. DOT employees he said, "I've told President Obama, and I've told many of you, that this is the best job I've ever had, I'm grateful to have the opportunity to work with all of you and I'm confident that DOT will continue to achieve great things in the future"

The Wall Street Journal is reporting that Deborah Hersman, chair of the National Transportation Safety Board (NTSB), is the leading candidate to replace Ray LaHood as Secretary of Transportation. The Journal said the White House will nominate Hersman, barring any sudden change in direction. Her nomination would help to allay criticism of Obama's lack of diversity in top staff and Cabinet positions. Los Angeles Mayor Antonio Villaraigosa, who also had been mentioned as a top candidate for the transportation post, but recently ruled himself out as a candidate, saying he's committed to finishing his mayoral term, which ends June 30. Hersman, 42, was named to the NTSB board in 2004 and has served as its chair since 2009. Her board position and chairmanship both expire this year. Previously, she served as a senior adviser to the U.S. Senate Committee on Commerce, Science and Transportation.

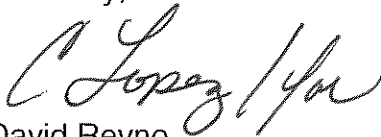
On January 1, the President and Congress approved legislation to avert the "fiscal cliff." The cliff was a combination of sizeable tax increases from expiring Bush era tax cuts and government wide spending cuts from the Congressional budget sequestration legislation, which were set to automatically take effect at the beginning of 2013. The bill included two tax provisions that are important for transit. It increases the transit commuter tax benefit from \$125 per month to \$240 per month, thereby making the transit benefit equal to the federal tax benefit for parking. This law allows transit users to receive up to \$240 per month, from employers, as a non-taxable fringe benefit, or allows employees to set aside up to that amount as a pre-tax benefit for commuting to work on

public transportation. The measure also extended through 2013, retroactive to December 31, 2011, provisions in the tax code providing a tax credit for a portion of costs associated with alternative fuel, including natural gas, used by transit systems. This is very good news for Foothill Transit as it means \$2 million to \$3 million per year in additional operating funding savings. Another fiscal deadline is looming on March 27, when the fiscal year 2013 continuing resolution (CR) will expire. Congress did not complete the fiscal year 2013 appropriation bills last year and instead continued existing spending levels until the end of March 2013. It is reported that the House majority may force the Administration's hand on the question of spending cuts by the end of March, including default or shutting down the government.

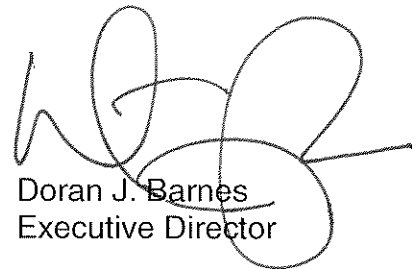
Financial Impact

AB 8, SB 11, SCA 4 and SCA 8 will have no negative impact on Foothill Transit's budget and may provide additional funding in the future.

Sincerely,



David Reyno
Director of Government Relations



Doran J. Barnes
Executive Director

2013 Legislation Summary

Current as of 2/13/2013

(Amendments and Bills with updated status or requesting action are indicated in **bold**)

Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
AB 8	Perea/Skinner	Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission to provide, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. AB 8 and SB 11 extends alternative fuel incentive programs including the Carl Moyer and AB 118 programs. These programs, which have been funded by tire fees, DMV registration fees, smog abatement fees, and vehicle plate fees, have provided funds for various projects to increase the usage of alternative fuels and help with the expansion of alternative fuel infrastructure.	The bill's passage would mean funds will continue to be available to assist Foothill Transit and other state transit agencies financially with fleets of natural gas vehicles and the infrastructure needed to maintain them.	Assembly Committee on Transportation	CTA - Support	Support
SB 11	Pavley/Rubio	Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission to provide, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. AB 8 and SB 11 extends alternative fuel incentive programs including the Carl Moyer and AB 118 programs. These programs, which have been funded by tire fees, DMV registration fees, smog abatement fees, and vehicle plate fees, have provided funds for various projects to increase the usage of alternative fuels and help with the expansion of alternative fuel infrastructure.	The bill's passage would mean funds will continue to be available to assist Foothill Transit and other state transit agencies financially with fleets of natural gas vehicles and the infrastructure needed to maintain them.	Assembly Committee on Transportation	CTA - Support	Support
SCA 4	Liu	Existing law under the California Constitution requires the approval of 2/3 of the voters of the city, county, or special district voting on any new or increase of an existing tax. SCA 4 and SCA 8 would provide that the imposition, extension or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition.	The new voter approval threshold could lead to more transportation and transit money and mean additional funding for Foothill Transit.	Senate Committee on Rules	CTA - Support	Support
SCA 8	Corbett	Existing law under the California Constitution requires the approval of 2/3 of the voters of the city, county, or special district voting on any new or increase of an existing tax. SCA 4 and SCA 8 would provide that the imposition, extension or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition.	The new voter approval threshold could lead to more transportation and transit money and mean additional funding for Foothill Transit.	Senate Committee on Rules	CTA - Support	Support